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Banking For God, The Mob And The CIA

MARTIN A. LEE JULY/AUGUST 1983 ISSUE

Often, the CIA and a government like the Vatican will interact in major ways through one person. Such is the case with Michele Sindona. Sindona rose from peasant roots in Sicily to become one of the most influential bankers in the western world. At the height of his power, Sindona lorded over a financial empire that stretched from Rome to Hollywood and included half the largest banks in Switzerland. He controlled hundreds of corporations and counted among his partners such influential allies as David Kennedy, treasury secretary under Richard Nixon, and Archbishop Paul Marcinkus, president of the Vatican bank. (Marcinkus is currently dodging Italian police, who wish to question him regarding his role in the collapse of Banco Ambrosiano, Italy's largest private bank.)

Described by a former colleague as "a snake charmer," Sindona had a knack for making the right connections. In the 1950s he befriended Giovanni Montini, then archbishop of Milan, whose esteem for Sindona was cinched when the banker donated \$2.4 million to the church for an old people's home. (Luigi DiFonzo, in his recently released book, *St. Peter's Banker*, suggests that the money which Sindona raised in a single day was provided by a CIA operative stationed in Milan.) Some years later, after Montini had become pope, he brought on Sindona to manage the Vatican's immense financial portfolio.

One of the world's greatest fiscal powers, this sovereign mini-state of 109 acres had investments in every sector of the Italian economy, as well as abroad. But what appealed to Sindona most of all about the Vatican was the excessive secrecy associated with its multi-billion-dollar banking arm, the Institute per le Opere di Religione (IOR). Because the Vatican is not subject to Italy's stringent currency regulations, the IOR is able to move huge sums throughout the international money market, while eluding auditors and the like. In effect, it operates in a fiscal twilight zone, immune to outside interference, in a manner similar to an off-shore bank.

"God's banker," as Sindona was known because of his close association with the Vatican, proffered his services to a number of other influential clients. He was a top financier for the international Mafia, laundering drug profits for the Gambino brothers and their Sicilian counterparts. At the same time, he functioned as a financial conduit for numerous CIA operations, passing funds, for example, to the Greek colonels before they seized power in 1967. He later channeled millions of CIA dollars to centrist and right-wing political parties in Italy, including the ruling Christian Democrats.

During his heyday as a CIA operative, Sindona was also paymaster for Propaganda Due (P-2), the most secretive cell in Italian freemasonry, led by Grand Master Licio Gelli, a die-hard Mussolini fascist. Gelli and his pidiusti, as P-2 members were called, have been implicated in a series of financial and political scandals that rocked Italy in recent years, including a wave of

spectacular bombing attacks by right-wing terrorists that culminated in the 1980 Bologna train station massacre, in which 80 people were killed and 160 injured.

Sindona and Gelli were also involved in several foiled coup plots against the Italian government in the 1970s. It was during that time that Sindona's luck began to sour. Franklin National Bank, his major American acquisition, collapsed in 1974, triggering a chain reaction of foreclosures that continued until Sindona's entire empire lay in a shambles. The

Vatican bank, a silent partner in many of his business schemes, took a ferocious beating. Sources inside the Vatican estimate that as much as \$200 million was lost as a result of the collapse of the Sindona empire).

In August 1979, shortly before he was due to stand trial in New York in connection with the sacking of Franklin National Bank, Sindona mysteriously disappeared. Word circulated that he had been kidnaped by a group calling itself the Proletarian Committee for Better Justice. Sindona later admitted to the FBI that he had masterminded his own kidnapping with the help of American crime boss John Gambino and other “Sicilian patriots.” During his 11 weeks underground, Sindona fled to Europe and slipped across the border into Italy.

While in Italy, Sindona reportedly gathered documents that were damaging to almost everyone with whom he had done business. His files contained the names of more than 500 prominent Italian industrialists and politicians — even Vatican officials who had used his banks to move fortunes out of the country. He also collected records of his machinations with American businessmen and, most significantly, memoranda pertaining to his relationship with the CIA. Sindona planned to use this information to persuade authorities in Italy and the United States to modify some of the charges pending against him.

The feisty Sicilian reappeared in New York in October 1979, confident of a victory in the courts. But his hopes were dashed when Archbishop Marcinkus and two other Vatican officials, after stating their intention to do so, declined to testify as character witnesses.

In March 1980, Sindona was convicted on 68 counts of fraud, misappropriation of bank funds and perjury. Having survived a suicide attempt made two days before he was to be sentenced, Sindona is currently serving a 25-year sentence in a U.S. federal prison in upstate New York. In addition, Sindona faces charges in Italy for banking violations, fraud, drug trafficking and murder, and has been indicted in Sicily along with members of the Gambino Mafia clan for trafficking heroin from Sicily to America. Sindona recently wrote a 31-page letter to President Reagan asking that his case be reopened. The letter was hand-delivered to Reagan’s personal attorney by David Kennedy. White House spokespeople have refused to disclose whether Reagan has responded. — **M.A.L.**

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